

LEGISLATURE OF NEBRASKA
NINETY-SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1280

Introduced by Brashear, 4

Read first time January 23, 2002

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2702.17, 77-2704.07, 77-2704.13, 77-2704.24,
3 77-3506.02, 77-3509.01 to 77-3509.03, 77-3511, 77-3521,
4 77-3522, and 77-3529, Reissue Revised Statutes of
5 Nebraska, sections 77-2702.07, 77-2702.13 to 77-2702.15,
6 77-2703, 77-2715.02, 77-3501, 77-3510, 77-3512 to
7 77-3514, 77-3516, and 77-3523, Revised Statutes
8 Supplement, 2000, and sections 77-2701, 77-2715.07,
9 77-3442, and 79-1008.01, Revised Statutes Supplement,
10 2001; to change income tax, sales and use tax, levy
11 limit, and homestead provisions; to eliminate sales tax
12 exemptions as prescribed; to create an income tax credit;
13 to change income tax rates; to provide a homestead
14 exemption; to harmonize provisions; to provide
15 severability; to provide operative dates; to repeal the
16 original sections; to outright repeal sections
17 77-2704.03, 77-2704.04, 77-2704.22, and 77-2704.36 to

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1 77-2704.38, Reissue Revised Statutes of Nebraska; and to
2 declare an emergency.
3 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2701, Revised Statutes Supplement,
2 2001, is amended to read:

3 77-2701. Sections 77-2701 to 77-27,135.01 and 77-27,222
4 and sections 13 to 16 of this act shall be known and may be cited
5 as the Nebraska Revenue Act of 1967.

6 Sec. 2. Section 77-2702.07, Revised Statutes Supplement,
7 2000, is amended to read:

8 77-2702.07. (1) Gross receipts shall mean the total
9 amount of the sale or lease or rental price, as the case may be, of
10 the retail sales of retailers valued in money whether received in
11 money or otherwise, without any deduction on account of any of the
12 following:

13 (a) The cost of property sold. In accordance with rules
14 and regulations adopted and promulgated by the Tax Commissioner, a
15 deduction may be taken if the retailer has purchased property for
16 some purpose other than resale, has reimbursed his or her vendor
17 for tax which the vendor is required to pay to the state or has
18 paid the use tax with respect to the property, and has resold the
19 property prior to making any use of the property other than
20 retention, demonstration, or display while holding it for sale in
21 the regular course of business. If such a deduction is taken by
22 the retailer, no refund or credit will be allowed to his or her
23 vendor with respect to the sale of the property;

24 (b) The cost of the materials used, labor or service
25 costs, interest paid, losses, or any other expense;

26 (c) The cost of transportation of the property;

27 (d) The amount of any excise or property tax levied
28 against the property except as otherwise provided in the Nebraska

1 Revenue Act of 1967; or

2 (e) The amount charged for warranties, guarantees, or
3 maintenance agreements.

4 (2) Gross receipts of every person engaged as a public
5 utility specified in this subsection or as a community antenna
6 television service operator or any person involved in connecting
7 and installing services defined in subdivision (2)(a), (b), or (d)
8 of this section shall mean:

9 (a) In the furnishing of telephone communication service,
10 the gross income received from furnishing local exchange telephone
11 service and intrastate message toll telephone service; ~~Gross~~
12 ~~receipts shall not mean (i) the gross income, including division of~~
13 ~~revenue, settlements, or carrier access charges received on or~~
14 ~~after January 1, 1984, from the sale of a telephone communication~~
15 ~~service to a communication service provider for purposes of~~
16 ~~furnishing telephone communication service or (ii) the gross income~~
17 ~~attributable to services rendered using a prepaid telephone calling~~
18 ~~arrangement. For purposes of this subdivision, a prepaid telephone~~
19 ~~calling arrangement shall mean the right to exclusively purchase~~
20 ~~telecommunications services that are paid for in advance that~~
21 ~~enables the origination of calls using an access number or~~
22 ~~authorization code, whether manually or electronically dialed,~~

23 (b) In the furnishing of telegraph service, the gross
24 income received from the furnishing of intrastate telegraph
25 services;

26 (c) In the furnishing of gas, electricity, sewer, and
27 water service except water used for irrigation of agricultural
28 lands and manufacturing purposes, the gross income received from

1 the furnishing of such services upon billings or statements
2 rendered to consumers for such utility services; and

3 (d) In the furnishing of community antenna television
4 service, the gross income received from the furnishing of such
5 community antenna television service as regulated under sections
6 18-2201 to 18-2205 or 23-383 to 23-388.

7 Gross receipts shall also mean gross income received from
8 the provision, installation, construction, servicing, or removal of
9 property used in conjunction with the furnishing, installing, or
10 connecting of any public utility services specified in subdivision
11 (2)(a) or (b) of this section or community antenna television
12 service specified in subdivision (2)(d) of this section. ~~Gross~~
13 ~~receipts shall not mean gross income received from telephone~~
14 ~~directory advertising.~~

15 (3) Gross receipts of every person engaged in selling,
16 leasing, or otherwise providing intellectual or entertainment
17 property shall mean:

18 (a) In the furnishing of computer software, the gross
19 income received, including the charges for coding, punching, or
20 otherwise producing computer software and the charges for the
21 tapes, disks, punched cards, or other properties furnished by the
22 seller; ~~+~~ ~~Gross receipts shall not mean the amount charged for~~
23 ~~training customers in the use of computer software if such amount~~
24 ~~is separately stated and such separate statement is not used as a~~
25 ~~means of avoiding imposition of the tax upon the actual sales price~~
26 ~~of the computer software;~~ and

27 (b) In the furnishing of videotapes, movie film,
28 satellite programming, satellite programming service, and satellite

1 television signal descrambling or decoding devices, the gross
2 income received from the license, franchise, or other method
3 establishing the charge. ~~except the gross income received from~~
4 ~~videotape and film rentals, satellite programming, and satellite~~
5 ~~programming service when the sales tax or the admission tax is~~
6 ~~charged under the Nebraska Revenue Act of 1967 and except as~~
7 ~~provided in section 77-2704.39.~~

8 (4) Commencing January 1, 2003, gross receipts for
9 providing services shall mean the gross income received for the
10 following services:

- 11 (a) Construction services;
- 12 (b) Special trade contractors;
- 13 (c) Camps and recreational vehicle parks;
- 14 (d) Automotive repair, services, and parking;
- 15 (e) Repair services;
- 16 (f) Animal specialty services, except veterinary;
- 17 (g) Detective, guard, and armored car services;
- 18 (h) Employment agencies;
- 19 (i) Temporary help agencies;
- 20 (j) Interior design consulting;
- 21 (k) Cleaning and maintenance services to buildings;
- 22 (l) Disinfecting and pest control services;
- 23 (m) Sign construction and installation;
- 24 (n) Advertising agency services;
- 25 (o) Adjustment and collection services, other than
26 insurance;
- 27 (p) Credit reporting services;
- 28 (q) Secretarial and court reporting services;

1 (r) Interstate telephone and telegraph services; and

2 (s) Legal services.

3 (5) Gross receipts shall not include any of the
4 following:

5 (a) Cash discounts allowed and taken on sales;

6 ~~(b)(i)~~ Before January 1, 1997, the amount of any rebate
7 granted by a motor vehicle manufacturer or dealer at the time of
8 sale of the motor vehicle, which rebate functions as a discount
9 from the sales price of the motor vehicle, and

10 ~~(ii)~~ On and after January 1, 1997, the amount of any
11 rebate granted by a motor vehicle or motorboat manufacturer or
12 dealer at the time of sale of the motor vehicle or motorboat, which
13 rebate functions as a discount from the sales price of the motor
14 vehicle or motorboat;

15 ~~(e)~~ Sales price of property returned by customers when
16 the full sales price is refunded either in cash or credit;

17 ~~(d)~~ (b) The amount charged for finance charges, carrying
18 charges, service charges, or interest from credit extended on sales
19 of property under contracts providing for deferred payments of the
20 purchase price if such charges are not used as a means of avoiding
21 imposition of the tax upon the actual sales price of the property;

22 ~~(e)~~ The value of property taken by a seller in trade as
23 all or a part of the consideration for a sale of property of any
24 kind or nature;

25 ~~(f)(i)~~ Before January 1, 1997, the value of a motor
26 vehicle taken by any person in trade as all or a part of the
27 consideration for a sale of another motor vehicle, and

28 ~~(ii)~~ On and after January 1, 1997, the value of a motor

1 vehicle or motorboat taken by any person in trade as all or a part
2 of the consideration for a sale of another motor vehicle or
3 motorboat,

4 ~~(g)~~ (c) Receipts from conditional sale contracts,
5 installment sale contracts, rentals, and leases executed in writing
6 prior to June 1, 1967, and with delivery of the property prior to
7 June 1, 1967, if such conditional sale contracts, installment sale
8 contracts, rentals, or leases are for a fixed price and are not
9 subject to negotiation or alteration; or

10 ~~(h) Except~~ (d) Until January 1, 2003, except as provided
11 in subsection (2) of this section, the amount charged for labor or
12 services rendered in installing or applying the property sold if
13 such amount is separately stated and such separate statement is not
14 used as a means of avoiding imposition of the tax upon the actual
15 sales price of the property. On and after January 1, 2003, except
16 as provided in subsection (2) of this section, the amount charged
17 for labor or services rendered in installing or applying the
18 property sold if such amount is separately stated and such separate
19 statement is not used as a means of avoiding imposition of the tax
20 upon the actual sales price of the property and the labor services
21 rendered are not services defined in subsection (4) of this
22 section.

23 Sec. 3. Section 77-2702.13, Revised Statutes Supplement,
24 2000, is amended to read:

25 77-2702.13. (1) Retail sale or sale at retail shall
26 mean:

27 (a) A sale of property for any purpose other than for
28 resale in the regular course of business;

1 (b) A sale of property to an advertising agency which
2 purchases the property as an agent for a disclosed or undisclosed
3 principal. The advertising agency is and remains liable for the
4 sales and use tax on the purchase the same as if the principal had
5 made the purchase directly;

6 (c) The delivery in this state of property by an owner or
7 former owner thereof or by a factor or agent of such owner, former
8 owner, or factor, if the delivery is to a customer or person for
9 redelivery to a consumer, pursuant to a retail sale made by a
10 retailer not engaged in business in this state. The person making
11 the delivery in such cases shall include the delivery person's
12 selling price of the property in his or her gross receipts;

13 (d) The sale of admissions which shall mean the right or
14 privilege to have access to or to use a place or location. When an
15 admission to an activity is combined with the solicitation of a
16 contribution, the portion or the amount charged representing the
17 fair market price of the admission shall be considered a retail
18 sale subject to the tax imposed by section 77-2703. The
19 organization conducting the activity shall determine the amount
20 properly attributable to the purchase of the privilege, benefit, or
21 other consideration in advance, and such amount shall be clearly
22 indicated on any ticket, receipt, or other evidence issued in
23 connection with the payment. Admissions shall not include (i) fees
24 charged by elementary or secondary schools, public or private, (ii)
25 fees charged by school districts, student organizations, or
26 parent-teacher associations pursuant to an agreement with the
27 proper school authorities in an elementary or secondary school,
28 public or private, during the regular school day or at an approved

1 function of any such school, or (iii) fees charged by ballot
2 question committees, candidate committees, independent committees,
3 and political party committees as defined in the Nebraska Political
4 Accountability and Disclosure Act;

5 (e) A sale of live plants incorporated into real estate
6 except when such incorporation is incidental to the transfer of an
7 improvement upon real estate or the real estate;

8 (f) A sale of any property annexed to real estate by a
9 person electing to be taxed as a retailer pursuant to subdivision
10 (1) of section 77-2702.05 except when such annexation is incidental
11 to the transfer of an improvement upon real estate or the real
12 estate; ~~and~~

13 (g) The sale of prepaid telephone calling arrangements
14 and the recharge of prepaid telephone calling arrangements. If the
15 sale or recharge of a prepaid telephone calling arrangement does
16 not take place at the vendor's place of business, the sale or
17 recharge shall be conclusively determined to take place at the
18 customer's shipping address or, if there is no item shipped, at the
19 customer's billing address. For purposes of this subdivision, a
20 prepaid telephone calling arrangement shall mean the right to
21 exclusively purchase telecommunications services that are paid for
22 in advance that enables the origination of calls using an access
23 number or authorization code, whether manually or electronically
24 dialed; and

25 (h) Commencing January 1, 2003, providing a service
26 defined in subsection (4) of section 77-2702.07.

27 (2) Retail sale or sale at retail shall not mean:

28 (a) The sale of+

1 ~~(i) Property~~ property which will enter into and become an
2 ingredient or component part of property manufactured, processed,
3 or fabricated for ultimate sale at retail; ~~or~~

4 ~~(ii) Refractory materials, lime, synthetic slag, mill~~
5 ~~rolls, and guides for use in manufacturing of steel or cement,~~

6 (b) The sale of:

7 (i) Any form of animal life of a kind the products of
8 which ordinarily constitute food for human consumption. Animal
9 life shall include live poultry or livestock on the hoof when sales
10 are made by the grower, producer, feeder, or any person engaged in
11 the business of bartering, buying, or selling live poultry or
12 livestock on the hoof;

13 (ii) Seeds and annual plants, the products of which
14 ordinarily constitute food for human consumption and which seeds
15 and annual plants are sold to commercial producers of such
16 products, and seed legumes, seed grasses, and seed grains when sold
17 to be used exclusively for agricultural purposes;

18 (iii) Agricultural chemicals, adjuvants, surfactants,
19 bonding agents, clays, oils, and any other additives or
20 compatibility agents for use in commercial agriculture and applied
21 to land or crops and sold in any tax period that has not been
22 closed by the applicable statute of limitations. Agricultural
23 chemicals shall not mean chemicals, adjuvants, surfactants, bonding
24 agents, clays, oils, and any other additives or compatibility
25 agents applied to harvested grains stored in commercial elevators;
26 or

27 (iv) Oxygen for use in aquaculture as defined in section
28 2-3804.01;

1 (c) The sale of:

2 ~~(i) Nonreturnable containers when sold without contents~~
3 ~~to persons who place contents in the container and sell the~~
4 ~~contents together with the container;~~

5 ~~(ii) Containers when sold with contents if the sales~~
6 ~~price of the contents is not required to be included in the measure~~
7 ~~of the taxes imposed by the Nebraska Revenue Act of 1967; and~~

8 ~~(iii) Returnable containers when sold with contents in~~
9 ~~connection with a retail sale of the contents or when resold for~~
10 ~~refilling.~~

11 The term returnable containers shall mean containers of a
12 kind customarily returned by the buyer of the contents for reuse.
13 All other containers are nonreturnable containers;

14 ~~(d)~~ The sale of property the transfer of which to the
15 consumer constitutes an occasional sale or the transfer of which to
16 the consumer is made by way of an occasional sale;

17 ~~(e)~~ (d) The sale of property the sale, purchase, or use
18 of which has been taxed to that taxpayer in another state,
19 territory, or possession of the United States of America when such
20 other state, territory, or possession grants a reciprocal exclusion
21 or an exemption to similar transactions in this state;

22 ~~(f)~~ (e) The purchase in this state or the purchase
23 outside this state, with title passing in this state, of materials
24 and replacement parts used as or used directly in the repair and
25 maintenance or manufacture of railroad rolling stock, whether owned
26 by a railroad or by any person, whether a common or contract
27 carrier or otherwise, motor vehicles, watercraft, or aircraft
28 engaged as common or contract carriers or the purchase in such

1 manner of motor vehicles, watercraft, or aircraft to be used as
2 common or contract carriers. All purchasers seeking to take
3 advantage of the exemption shall apply to the Tax Commissioner for
4 a common or contract carrier exemption. All common or contract
5 carrier exemption certificates shall expire on October 31, 1986,
6 and on October 31 every three years thereafter. All persons
7 seeking to continue to take advantage of the common or contract
8 carrier exemption shall apply for a new certificate at the
9 expiration of the prior certificate. The Tax Commissioner shall
10 notify such exemption certificate holders at least sixty days prior
11 to the expiration date of such certificate that their certificate
12 will expire and be null and void as of such date;

13 ~~(g)~~ (f) The sale of railroad rolling stock whether
14 purchased by a railroad or by any other person; or

15 ~~(h)~~ (g) The sale of property annexed to real estate.

16 Sec. 4. Section 77-2702.14, Revised Statutes Supplement,
17 2000, is amended to read:

18 77-2702.14. (1) Retailer shall mean:

19 (a) Any seller engaged in the business of making sales
20 subject to tax under section 77-2703 or in the business of making
21 sales subject to tax under section 77-2703 at auction of property
22 owned by the person or others. Retailer shall mean, in the case of
23 sales at auction when the person collecting the proceeds of the
24 auction is not the auctioneer or an agent or employee of the
25 auctioneer, the person collecting the proceeds of the auction,
26 other than the owner of the property, together with his or her
27 principal, if any, and retailer shall not include the auctioneer in
28 such case;

1 (b) Every person who has elected to be considered a
2 retailer pursuant to subdivision (1) of section 77-2702.05; ~~and~~

3 (c) Every person operating, organizing, or promoting a
4 flea market, craft show, fair, or similar event; and

5 (d) Commencing January 1, 2003, every person engaged in
6 the business of providing any service defined in subsection (4) of
7 section 77-2702.07.

8 (2) Retailer shall not mean:

9 (a) Any person who leases or rents ~~films when an~~
10 ~~admission tax is charged under the Nebraska Revenue Act of 1967 or~~
11 railroad rolling stock interchanged pursuant to the provisions of
12 the federal Interstate Commerce Act;

13 (b) Any person engaged in the business of furnishing
14 rooms in a facility licensed under the Health Care Facility
15 Licensure Act in which rooms, lodgings, or accommodations are
16 regularly furnished for a consideration or a facility operated by
17 an educational institution established under Chapter 79 or Chapter
18 85 in which rooms are regularly used to house students for a
19 consideration for periods in excess of thirty days; or

20 (c) Any person making sales at a flea market, craft show,
21 fair, or similar event who does not have a sales tax permit and who
22 has arranged to pay sales taxes collected to the person operating,
23 organizing, or promoting such event.

24 Sec. 5. Section 77-2702.15, Revised Statutes Supplement,
25 2000, is amended to read:

26 77-2702.15. Sale shall mean any transfer of title or
27 possession or segregation in contemplation of transfer of title or
28 possession, exchange, barter, lease, or rental, conditional or

1 otherwise, in any manner or by any means, of property for a
2 consideration. Sale shall include, but not be limited to:

3 (1) The producing, fabricating, processing, printing, or
4 imprinting of property for a consideration for consumers who
5 furnish either directly or indirectly the materials used in the
6 producing, fabricating, processing, printing, or imprinting;

7 (2) The furnishing and distributing of property for a
8 consideration by social clubs and fraternal organizations to their
9 members or others;

10 (3) The furnishing, preparing, or serving for a
11 consideration of food, meals, or drinks;

12 (4) A transaction whereby the possession of property is
13 transferred but the seller retains the title as security for the
14 payment of the price;

15 (5) A transfer for a consideration of the title or
16 possession of property which has been produced, fabricated, or
17 printed to the special order of the customer; and

18 (6) The renting or furnishing ~~for periods of less than~~
19 ~~thirty days~~ of any room or rooms, lodgings, or accommodations in
20 any hotel, motel, inn, tourist camp, tourist cabin, or any other
21 place, except a health care facility licensed under the Health Care
22 Facility Licensure Act in which rooms, lodgings, or accommodations
23 are regularly furnished for a consideration or a facility operated
24 by an educational institution established under Chapter 79 or
25 Chapter 85 in which rooms are regularly used to house students for
26 a consideration for periods in excess of thirty days.

27 Sec. 6. Section 77-2702.17, Reissue Revised Statutes of
28 Nebraska, is amended to read:

1 77-2702.17. (1) Sales price shall mean the total amount
2 for which property is sold valued in money whether paid in money or
3 otherwise, without any deduction on account of:

4 (a) The cost of the property sold;

5 (b) The cost of material used, labor or service cost,
6 interest paid, losses, or any other expenses;

7 (c) The cost of transportation of the property. The
8 total amount for which property is sold shall include any services
9 which are a part of the sale and any amount for which credit is
10 given to the purchaser by the seller;

11 (d) The cost of computer software contained on the
12 property; or

13 (e) The cost of any license, franchise, or lease for the
14 use of computer software or entertainment properties such as
15 videotapes or movie films.

16 (2) Sales price shall not mean any of the following:

17 (a) ~~Cash discounts allowed and taken on sales;~~

18 ~~(b) The amount of any rebate granted by a motor vehicle~~
19 ~~or motorboat manufacturer or dealer at the time of sale of the~~
20 ~~motor vehicle or motorboat, which rebate functions as a discount~~
21 ~~from the sales price of the motor vehicle or motorboat;~~

22 ~~(c) The amount refunded for property returned by~~
23 customers when all or part of the amount charged therefor is
24 refunded either in cash or credit;

25 ~~(d)~~ (b) The amount charged for finance charges, carrying
26 charges, service charges, or interest from credit extended on sales
27 of property under contracts providing for deferred payments of the
28 purchase price if such charges are not used as a means of avoiding

1 imposition of the tax upon the actual sales price of the property;

2 ~~(e) The value of property taken by a seller in trade as~~
3 ~~all or a part of the consideration for a sale of property of any~~
4 ~~kind or nature;~~

5 ~~(f) The value of a motor vehicle or motorboat taken by~~
6 ~~any person in trade as all or part of the consideration for a sale~~
7 ~~of another motor vehicle or motorboat;~~

8 ~~(g) (c)~~ The amount charged for labor or services rendered
9 in annexing property to real estate; or

10 ~~(h) The~~ (d) Until January 1, 2003, the amount charged for
11 labor or services rendered in installing or applying the property
12 sold if such amount is separately stated and such separate
13 statement is not used as a means of avoiding imposition of the tax
14 upon the actual sales price of the property. On and after January
15 1, 2003, the amount charged for labor or services rendered in
16 installing or applying the property sold if such amount is
17 separately stated and such separate statement is not used as a
18 means of avoiding imposition of the tax upon the actual sales price
19 of the property and the labor services rendered are not services
20 defined in subsection (4) of section 77-2702.07.

21 Sec. 7. Section 77-2703, Revised Statutes Supplement,
22 2000, is amended to read:

23 77-2703. (1) There is hereby imposed a tax at the rate
24 provided in section 77-2701.02 upon the gross receipts from all
25 sales of tangible personal property sold at retail in this state,
26 the gross receipts of every person engaged as a public utility, as
27 a community antenna television service operator or any person
28 involved in the connecting and installing of the services defined

1 in subdivision (2)(a), (b), or (d) of section 77-2702.07, or as a
2 retailer of intellectual or entertainment properties referred to in
3 subsection (3) of section 77-2702.07, the gross receipts from the
4 sale of admissions in this state, ~~and~~ the gross receipts from the
5 sale of warranties, guarantees, service agreements, or maintenance
6 agreements when the items covered are subject to tax under this
7 section, and commencing January 1, 2003, the gross receipts from
8 the provision of services defined in subsection (4) of section
9 77-2702.07. For purposes of this subsection, the provision of
10 services shall be deemed to be in this state for services provided
11 to real estate if the real estate is located in this state and for
12 services provided to personal property if the personal property is
13 used in this state. When there is a sale, the tax shall be imposed
14 at the rate in effect at the time the gross receipts are realized
15 under the accounting basis used by the retailer to maintain his or
16 her books and records.

17 (a) The tax imposed by this section shall be collected by
18 the retailer from the consumer. It shall constitute a part of the
19 purchase price and until collected shall be a debt from the
20 consumer to the retailer and shall be recoverable at law in the
21 same manner as other debts. The tax required to be collected by
22 the retailer from the consumer constitutes a debt owed by the
23 retailer to this state.

24 (b) It is unlawful for any retailer to advertise, hold
25 out, or state to the public or to any customer, directly or
26 indirectly, that the tax or part thereof will be assumed or
27 absorbed by the retailer, that it will not be added to the selling,
28 renting, or leasing price of the property sold, rented, or leased,

1 or that, if added, it or any part thereof will be refunded. The
2 provisions of this subdivision shall not apply to a public utility.

3 (c) The tax required to be collected by the retailer from
4 the purchaser, unless otherwise provided by statute or by rule and
5 regulation of the Tax Commissioner, shall be displayed separately
6 from the list price, the price advertised in the premises, the
7 marked price, or other price on the sales check or other proof of
8 sales, rentals, or leases.

9 (d) For the purpose of more efficiently securing the
10 payment, collection, and accounting for the sales tax and for the
11 convenience of the retailer in collecting the sales tax, it shall
12 be the duty of the Tax Commissioner to adopt and promulgate
13 appropriate rules and regulations prescribing a schedule or
14 schedules of the amounts to be collected from the consumer or user
15 to effectuate the computation and collection of the tax imposed by
16 the Nebraska Revenue Act of 1967. Such schedule or schedules shall
17 provide that the tax shall be collected from the consumer or user
18 uniformly on sales according to brackets based on sales prices of
19 the item or items, except that the Tax Commissioner may authorize
20 computation and collection of the tax uniformly on a straight
21 percentage basis in lieu of brackets in situations involving
22 machine or computer billing.

23 (e) The use of tokens or stamps for the purpose of
24 collecting or enforcing the collection of the taxes imposed in the
25 Nebraska Revenue Act of 1967 or for any other purpose in connection
26 with such taxes is prohibited.

27 (f) For the purpose of the proper administration of the
28 provisions of the Nebraska Revenue Act of 1967 and to prevent

1 evasion of the retail sales tax, it shall be presumed that all
2 gross receipts are subject to the tax until the contrary is
3 established. The burden of proving that a sale of property is not
4 a sale at retail is upon the person who makes the sale unless he or
5 she takes, in good faith, from the purchaser (i) a resale
6 certificate to the effect that the property is purchased for the
7 purpose of reselling, leasing, or renting it, (ii) an exemption
8 certificate pursuant to subsection (7) of section 77-2705, or (iii)
9 a direct payment permit pursuant to sections 77-2705.01 to
10 77-2705.03. Receipt of a resale certificate, exemption
11 certificate, or direct payment permit, taken in good faith, shall
12 be conclusive proof for the seller that the sale was made for
13 resale or was exempt or that the tax will be paid directly to the
14 state.

15 (g) In the rental or lease of automobiles, trucks,
16 trailers, semitrailers, and truck-tractors as defined in section
17 60-301, the tax shall be collected by the lessor on the rental or
18 lease price, except as otherwise provided within this section:

19 (i) From all vehicles registered for operation upon the
20 highways of this state which are rented or leased for periods of
21 one year or more; or

22 (ii) From all vehicles delivered by the lessor within
23 this state which are rented or leased for periods of less than one
24 year.

25 (h) In the rental or lease of automobiles, trucks,
26 trailers, semitrailers, and truck-tractors as defined in section
27 60-301, for periods of one year or more, the lessor may elect not
28 to collect and remit the sales tax on the gross receipts and

1 instead pay a sales tax on the cost of such vehicle. If such
2 election is made, it shall be made pursuant to the following
3 conditions:

4 (i) Notice of the desire to make such election shall be
5 filed with the Tax Commissioner and shall not become effective
6 until the Tax Commissioner is satisfied that the taxpayer has
7 complied with all conditions of this subsection and all rules and
8 regulations of the Tax Commissioner;

9 (ii) Such election when made shall continue in force and
10 effect for a period of not less than two years and thereafter until
11 such time as the lessor elects to terminate the election;

12 (iii) When such election is made, it shall apply to all
13 vehicles of the lessor rented or leased for periods of one year or
14 more except vehicles to be leased to common or contract carriers
15 who provide to the lessor a valid common or contract carrier
16 exemption certificate. If the lessor rents or leases other
17 vehicles for periods of less than one year, such lessor shall
18 maintain his or her books and records and his or her accounting
19 procedure as the Tax Commissioner prescribes; and

20 (iv) The Tax Commissioner by rule and regulation shall
21 prescribe the contents and form of the notice of election, a
22 procedure for the determination of the tax base of vehicles which
23 are under an existing lease at the time such election becomes
24 effective, the method and manner for terminating such election, and
25 such other rules and regulations as may be necessary for the proper
26 administration of this subdivision.

27 (i) The tax imposed by this section on the sales of motor
28 vehicles, trailers, and semitrailers as defined in section 60-301

1 shall be the liability of the purchaser and, with the exception of
2 motor vehicles, trailers, and semitrailers registered pursuant to
3 section 60-305.09, the tax shall be collected by the county
4 treasurer or designated county official as provided in section
5 60-302 at the time the purchaser makes application for the
6 registration of the motor vehicle, trailer, or semitrailer for
7 operation upon the highways of this state. The tax imposed by this
8 section on motor vehicles, trailers, and semitrailers registered
9 pursuant to section 60-305.09 shall be collected by the Department
10 of Motor Vehicles at the time the purchaser makes application for
11 the registration of the motor vehicle, trailer, or semitrailer for
12 operation upon the highways of this state. At the time of the sale
13 of any motor vehicle, trailer, or semitrailer, the seller shall (i)
14 state on the sales invoice the dollar amount of the tax imposed
15 under this section and (ii) furnish to the purchaser a certified
16 statement of the transaction, in such form as the Tax Commissioner
17 prescribes, setting forth as a minimum the total sales price, the
18 allowance for any trade-in, and the difference between the two.
19 The sales tax due shall be computed on the difference between the
20 total sales price and the allowance for any trade-in as disclosed
21 by such certified statement. Any seller who willfully understates
22 the amount upon which the sales tax is due shall be subject to a
23 penalty of one thousand dollars. A copy of such certified
24 statement shall also be furnished to the Tax Commissioner. Any
25 seller who fails or refuses to furnish such certified statement
26 shall be guilty of a misdemeanor and shall, upon conviction
27 thereof, be punished by a fine of not less than twenty-five dollars
28 nor more than one hundred dollars. If the seller fails to state on

1 the sales invoice the dollar amount of the tax due, the purchaser
2 shall have the right and authority to rescind any agreement for
3 purchase and to declare the purchase null and void. If the
4 purchaser retains such motor vehicle, trailer, or semitrailer in
5 this state and does not register it for operation on the highways
6 of this state within thirty days of the purchase thereof, the tax
7 imposed by this section shall immediately thereafter be paid by the
8 purchaser to the county treasurer, the designated county official,
9 or the Department of Motor Vehicles. If the tax is not paid on or
10 before the thirtieth day after its purchase, the county treasurer,
11 designated county official, or Department of Motor Vehicles shall
12 also collect from the purchaser interest from the thirtieth day
13 through the date of payment and sales tax penalties as provided in
14 the Nebraska Revenue Act of 1967. The county treasurer, designated
15 county official, or Department of Motor Vehicles shall report and
16 remit the tax so collected to the Tax Commissioner by the fifteenth
17 day of the following month. The county treasurer or designated
18 county official shall deduct and withhold for the use of the county
19 general fund, from all amounts required to be collected under this
20 subsection, the collection fee permitted to be deducted by any
21 retailer collecting the sales tax. The Department of Motor
22 Vehicles shall deduct, withhold, and deposit in the Motor Carrier
23 Division Cash Fund the collection fee permitted to be deducted by
24 any retailer collecting the sales tax. The collection fee shall be
25 forfeited if the county treasurer, designated county official, or
26 Department of Motor Vehicles violates any rule or regulation
27 pertaining to the collection of the use tax.

28 (j)(i) The tax imposed by this section on the sale of a

1 motorboat as defined in section 37-1204 shall be the liability of
2 the purchaser. The tax shall be collected by the county treasurer
3 or designated county official at the time the purchaser makes
4 application for the registration of the motorboat. At the time of
5 the sale of a motorboat, the seller shall (A) state on the sales
6 invoice the dollar amount of the tax imposed under this section and
7 (B) furnish to the purchaser a certified statement of the
8 transaction, in such form as the Tax Commissioner prescribes,
9 setting forth as a minimum the total sales price, the allowance for
10 any trade-in, and the difference between the two. The sales tax
11 due shall be computed on the difference between the total sales
12 price and the allowance for any trade-in as disclosed by such
13 certified statement. Any seller who willfully understates the
14 amount upon which the sales tax is due shall be subject to a
15 penalty of one thousand dollars. A copy of such certified
16 statement shall also be furnished to the Tax Commissioner. Any
17 seller who fails or refuses to furnish such certified statement
18 shall be guilty of a misdemeanor and shall, upon conviction
19 thereof, be punished by a fine of not less than twenty-five dollars
20 nor more than one hundred dollars. If the seller fails to state on
21 the sales invoice the dollar amount of the tax due, the purchaser
22 shall have the right and authority to rescind any agreement for
23 purchase and to declare the purchase null and void. If the
24 purchaser retains such motorboat in this state and does not
25 register it within thirty days of the purchase thereof, the tax
26 imposed by this section shall immediately thereafter be paid by the
27 purchaser to the county treasurer or designated county official.
28 If the tax is not paid on or before the thirtieth day after its

1 purchase, the county treasurer or designated county official shall
2 also collect from the purchaser interest from the thirtieth day
3 through the date of payment and sales tax penalties as provided in
4 the Nebraska Revenue Act of 1967. The county treasurer or
5 designated county official shall report and remit the tax so
6 collected to the Tax Commissioner by the fifteenth day of the
7 following month. The county treasurer or designated county
8 official shall deduct and withhold for the use of the county
9 general fund, from all amounts required to be collected under this
10 subsection, the collection fee permitted to be deducted by any
11 retailer collecting the sales tax. The collection fee shall be
12 forfeited if the county treasurer or designated county official
13 violates any rule or regulation pertaining to the collection of the
14 use tax.

15 (ii) In the rental or lease of motorboats, the tax shall
16 be collected by the lessor on the rental or lease price, except as
17 otherwise provided within this section:

18 (A) From all motorboats registered for operation within
19 this state which are rented or leased for periods of one year or
20 more; or

21 (B) From all motorboats delivered by the lessor within
22 this state which are rented or leased for periods of less than one
23 year.

24 (iii) Subdivisions (1)(j)(i) and (ii) of this section
25 become operative January 1, 1997.

26 (k) The Tax Commissioner shall adopt and promulgate
27 necessary rules and regulations for determining the amount subject
28 to the taxes imposed by this section so as to insure that the full

1 amount of any applicable tax is paid in cases in which a sale is
2 made of which a part is subject to the taxes imposed by this
3 section and a part of which is not so subject and a separate
4 accounting is not practical or economical.

5 (2) A use tax is hereby imposed on the storage, use, or
6 other consumption in this state of property purchased, leased, or
7 rented from any retailer and on any transaction the gross receipts
8 of which are subject to tax under subsection (1) of this section on
9 or after June 1, 1967, for storage, use, or other consumption in
10 this state at the rate set as provided in subsection (1) of this
11 section on the sales price of the property or, in the case of
12 leases or rentals, of the lease or rental prices.

13 (a) Every person storing, using, or otherwise consuming
14 in this state property purchased from a retailer or leased or
15 rented from another person for such purpose shall be liable for the
16 use tax at the rate in effect when his or her liability for the use
17 tax becomes certain under the accounting basis used to maintain his
18 or her books and records. His or her liability shall not be
19 extinguished until the use tax has been paid to this state, except
20 that a receipt from a retailer engaged in business in this state or
21 from a retailer who is authorized by the Tax Commissioner, under
22 such rules and regulations as he or she may prescribe, to collect
23 the sales tax and who is, for the purposes of the Nebraska Revenue
24 Act of 1967 relating to the sales tax, regarded as a retailer
25 engaged in business in this state, which receipt is given to the
26 purchaser pursuant to subdivision (b) of this subsection, shall be
27 sufficient to relieve the purchaser from further liability for the
28 tax to which the receipt refers.

1 (b) Every retailer engaged in business in this state and
2 selling, leasing, or renting property for storage, use, or other
3 consumption in this state shall, at the time of making any sale,
4 collect any tax which may be due from the purchaser and shall give
5 to the purchaser, upon request, a receipt therefor in the manner
6 and form prescribed by the Tax Commissioner.

7 (c) The Tax Commissioner, in order to facilitate the
8 proper administration of the use tax, may designate such person or
9 persons as he or she may deem necessary to be use tax collectors
10 and delegate to such persons such authority as is necessary to
11 collect any use tax which is due and payable to the State of
12 Nebraska. The Tax Commissioner may require of all persons so
13 designated a surety bond in favor of the State of Nebraska to
14 insure against any misappropriation of state funds so collected.
15 The Tax Commissioner may require any tax official, city, county, or
16 state, to collect the use tax on behalf of the state. All persons
17 designated to or required to collect the use tax shall account for
18 such collections in the manner prescribed by the Tax Commissioner.
19 Nothing in this subdivision shall be so construed as to prevent the
20 Tax Commissioner or his or her employees from collecting any use
21 taxes due and payable to the State of Nebraska.

22 (d) All persons designated to collect the use tax and all
23 persons required to collect the use tax shall forward the total of
24 such collections to the Tax Commissioner at such time and in such
25 manner as the Tax Commissioner may prescribe. Such collectors of
26 the use tax shall deduct and withhold from the amount of taxes
27 collected two and one-half percent of the first three thousand
28 dollars remitted each month and one-half of one percent of all

1 amounts in excess of three thousand dollars remitted each month as
2 reimbursement for the cost of collecting the tax, except that for
3 each month from October 1, 1991, to September 30, 1992, such
4 collectors shall deduct and withhold from the amount of taxes
5 collected three percent of the first five thousand dollars remitted
6 each month and one percent of all amounts in excess of five
7 thousand dollars remitted each month as reimbursement for the cost
8 of collecting the tax and for each month from April 1, 1993, to
9 March 31, 1994, such collectors shall deduct and withhold from the
10 amount of taxes collected three-quarters of one percent of the
11 first two thousand dollars remitted each month and one-quarter of
12 one percent of all amounts in excess of two thousand dollars
13 remitted each month as reimbursement for the cost of collecting the
14 tax. Any such deduction shall be forfeited to the State of
15 Nebraska if such collector violates any rule, regulation, or
16 directive of the Tax Commissioner.

17 (e) For the purpose of the proper administration of the
18 Nebraska Revenue Act of 1967 and to prevent evasion of the use tax,
19 it shall be presumed that property sold, leased, or rented by any
20 person for delivery in this state is sold, leased, or rented for
21 storage, use, or other consumption in this state until the contrary
22 is established. The burden of proving the contrary is upon the
23 person who purchases, leases, or rents the property.

24 (f) It shall be further presumed, in the absence of
25 evidence to the contrary, that property shipped or brought to this
26 state by the purchaser after June 1, 1967, was purchased from a
27 retailer on or after that date for storage, use, or other
28 consumption in this state.

1 (g) (i) Except as provided in subdivisions (g) (ii) through
2 (g) (v) of this subsection, when a person purchases property in
3 another state, the Commonwealth of Puerto Rico, any territory or
4 possession of the United States, or any foreign country with the
5 intent of using such property in such other state, commonwealth,
6 territory, possession, or country and such property is actually
7 used in the other state, commonwealth, territory, possession, or
8 country for its intended purpose, the property shall not be subject
9 to tax in this state.

10 (ii) Subdivision (g) (i) of this subsection shall only
11 apply to a motor vehicle, trailer, or semitrailer as defined in
12 section 60-301 when it is licensed for operation on the highways of
13 the other state, commonwealth, territory, possession, or country
14 prior to being brought into this state. Licensed for operation on
15 the highways does not include any temporary registration,
16 licensing, or in transit procedure that allows nonresidents to
17 operate the motor vehicle, trailer, or semitrailer on the highways
18 of the other state, commonwealth, territory, possession, or country
19 for a limited time with the intent to remove the motor vehicle from
20 the other state, commonwealth, territory, possession, or country.

21 (iii) Subdivision (g) (i) of this subsection shall not
22 apply to an aircraft which is brought into this state within one
23 year of purchase and (A) is regularly based within this state or
24 (B) more than one-half of the aircraft's operating hours are within
25 this state.

26 For purposes of subdivision (g) (iii) of this subsection,
27 operation of the aircraft for the purpose of maintenance, repair,
28 or fabrication with subsequent removal from this state upon

1 completion of such maintenance, repair, or fabrication shall not be
2 considered operating hours.

3 (iv) (A) Subdivision (g) (i) of this subsection shall only
4 apply to a motorboat as defined in section 37-1204 when it is
5 registered for operation in the other state, commonwealth,
6 territory, possession, or country prior to being brought into this
7 state.

8 (B) Subdivision (g) (iv) (A) of this subsection becomes
9 operative January 1, 1997.

10 (v) Subdivision (g) (i) of this subsection shall not apply
11 to any property that is manufactured, processed, or fabricated in
12 another state and that is not used for its intended purpose in the
13 other state after its manufacture, processing, or fabrication.

14 Sec. 8. Section 77-2704.07, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 77-2704.07. Sales and use taxes shall not be imposed on
17 the gross receipts from the sale, lease, or rental of and the
18 storage, use, or other consumption in this state of ~~(1) any~~
19 newspaper regularly issued at average intervals not exceeding one
20 week if such newspaper contains matters of general interest and
21 reports of current events. ~~or (2) any newspaper advertising~~
22 ~~supplement distributed with any newspaper regardless of whether or~~
23 ~~not the retailer takes possession of the supplement from the~~
24 ~~printer before delivery of the supplement is made to the newspaper.~~

25 Sec. 9. Section 77-2704.13, Reissue Revised Statutes of
26 Nebraska, is amended to read:

27 77-2704.13. Sales and use taxes shall not be imposed on
28 the gross receipts from the sale, lease, or rental of and the

1 storage, use, or other consumption in this state of+

2 ~~(1) Sales and purchases of electricity, coal, gas, fuel~~
3 ~~oil, diesel fuel, tractor fuel, propane, gasoline, coke, nuclear~~
4 ~~fuel, and butane when more than fifty percent of the amount~~
5 ~~purchased is for use directly in irrigation or farming, and~~

6 ~~(2) Sales sales and purchases of such energy sources or~~
7 ~~fuels made before April 1, 1993, or after March 31, 1994, when more~~
8 ~~than fifty percent of the amount purchased is for use directly in~~
9 ~~processing, manufacturing, or refining, in the generation of~~
10 ~~electricity, or by any hospital. The state tax paid on purchases~~
11 ~~of such energy sources or fuels during the period beginning April~~
12 ~~1, 1993, and ending March 31, 1994, shall not exceed one hundred~~
13 ~~thousand dollars for any one location when more than fifty percent~~
14 ~~of the amount purchased is for use directly in processing,~~
15 ~~manufacturing, or refining or by any hospital. All purchases of~~
16 ~~such energy sources or fuels for use in the generation of~~
17 ~~electricity during the period beginning April 1, 1993, and ending~~
18 ~~March 31, 1994, shall be taxable. Any taxpayer who has paid the~~
19 ~~limit of state tax on such energy sources or fuels at one location~~
20 ~~shall be exempt on all other qualifying purchases at such location.~~
21 ~~Such taxpayer shall be entitled to a refund of any amount of state~~
22 ~~or local option tax paid on an energy source or fuel exempt under~~
23 ~~this subdivision. A refund shall be made pursuant to section~~
24 ~~77-2708.~~

25 Sec. 10. Section 77-2704.24, Reissue Revised Statutes of
26 Nebraska, is amended to read:

27 77-2704.24. Sales and use taxes shall not be imposed on
28 the gross receipts from the sale, lease, or rental of and the

1 storage, use, or other consumption in this state of food or food
2 products for human consumption which are eligible for purchase
3 purchased with food coupons issued by the United States Department
4 of Agriculture. ~~pursuant to regulations in effect on October 1,~~
5 ~~1983, regardless of whether the retailer from which the foods are~~
6 ~~purchased is participating in the food stamp program. For purposes~~
7 ~~of this section, food shall not include meals or other food~~
8 ~~prepared for immediate consumption on or off the premises of the~~
9 ~~retailer and shall not include foods sold through vending machines.~~

10 Sec. 11. Section 77-2715.02, Revised Statutes
11 Supplement, 2000, is amended to read:

12 77-2715.02. (1) Whenever the primary rate is changed by
13 the Legislature under section 77-2715.01, the Tax Commissioner
14 shall update the rate schedules required in subsection (2) of this
15 section to reflect the new primary rate and shall publish such
16 updated schedules.

17 (2) The following rate schedules are hereby established
18 for the Nebraska individual income tax and shall be in the
19 following form:

20 (a) The income amounts for columns A and E shall be:

21 (i) \$0, \$2,400, \$17,000, and \$26,500, for single returns;

22 (ii) \$0, \$4,000, \$30,000, and \$46,750, for married filing
23 joint returns;

24 (iii) \$0, \$3,800, \$24,000, and \$35,000, for
25 head-of-household returns;

26 (iv) \$0, \$2,000, \$15,000, and \$23,375, for married filing
27 separate returns; and

28 (v) \$0, \$500, \$4,700, and \$15,150, for estates and

1 trusts;

2 (b) The amount in column C shall be the total amount of
3 the tax imposed on income less than the amount in column A;

4 (c) The amount in column D shall be the rate on the
5 income in excess of the amount in column E;

6 (d) The primary rate set by the Legislature shall be
7 multiplied by the following factors to compute the tax rates for
8 column D. The factors for the brackets, from lowest to highest
9 bracket, shall be ~~.6784~~, ~~.9432~~, ~~1.3541~~, and ~~1.8054~~ .58, .7963,
10 1.1433, and 1.4803;

11 (e) The amounts for column C shall be rounded to the
12 nearest dollar, and the amounts in column D shall be rounded to
13 hundredths of one percent; and

14 (f) One rate schedule shall be established for each
15 federal filing status.

16 (3) The tax rate schedules shall use the format set forth
17 in this subsection.

18	A	B	C	D	E
19	Taxable income	but not	pay	plus	of the
20	over	over			amount over

21 (4) The tax rate applied to other federal taxes included
22 in the computation of the Nebraska individual income tax shall be
23 eight times the primary rate.

24 (5) The Tax Commissioner shall prepare, from the rate
25 schedules, tax tables which can be used by a majority of the
26 taxpayers to determine their Nebraska tax liability. The design of
27 the tax tables shall be determined by the Tax Commissioner. The
28 size of the tax table brackets may change as the level of income

1 changes. The difference in tax between two tax table brackets
2 shall not exceed fifteen dollars. The Tax Commissioner may build
3 the personal exemption credit and standard deduction amounts into
4 the tax tables.

5 (6) The Tax Commissioner may require by rule and
6 regulation that all taxpayers shall use the tax tables if their
7 income is less than the maximum income included in the tax tables.

8 Sec. 12. Section 77-2715.07, Revised Statutes
9 Supplement, 2001, is amended to read:

10 77-2715.07. (1) There shall be allowed to qualified
11 resident individuals as a nonrefundable credit against the income
12 tax imposed by the Nebraska Revenue Act of 1967:

13 (a) A credit equal to the federal credit allowed under
14 section 22 of the Internal Revenue Code; and

15 (b) A credit for taxes paid to another state as provided
16 in section 77-2730.

17 (2) There shall be allowed to qualified resident
18 individuals against the income tax imposed by the Nebraska Revenue
19 Act of 1967:

20 (a) For returns filed reporting federal adjusted gross
21 incomes of greater than twenty-nine thousand dollars, a
22 nonrefundable credit equal to twenty-five percent of the federal
23 credit allowed under section 21 of the Internal Revenue Code of
24 1986, as amended;

25 (b) For returns filed reporting federal adjusted gross
26 income of twenty-nine thousand dollars or less, a refundable credit
27 equal to a percentage of the federal credit allowable under section
28 21 of the Internal Revenue Code of 1986, as amended, whether or not

1 the federal credit was limited by the federal tax liability. The
2 percentage of the federal credit shall be one hundred percent for
3 incomes not greater than twenty-two thousand dollars, and the
4 percentage shall be reduced by ten percent for each one thousand
5 dollars, or fraction thereof, by which the reported federal
6 adjusted gross income exceeds twenty-two thousand dollars; and

7 (c) A refundable credit for individuals who qualify for
8 an income tax credit under the Beginning Farmer Tax Credit Act for
9 all taxable years beginning or deemed to begin on or after January
10 1, 2001, under the Internal Revenue Code of 1986, as amended.

11 (3) There shall be allowed to all individuals as a
12 nonrefundable credit against the income tax imposed by the Nebraska
13 Revenue Act of 1967:

14 (a) A credit for personal exemptions allowed under
15 section 77-2716.01; and

16 (b) A credit for contributions to certified community
17 betterment programs as provided in the Community Development
18 Assistance Act. Each partner, each shareholder of an electing
19 subchapter S corporation, each beneficiary of an estate or trust,
20 or each member of a limited liability company shall report his or
21 her share of the credit in the same manner and proportion as he or
22 she reports the partnership, subchapter S corporation, estate,
23 trust, or limited liability company income.

24 (4) There shall be allowed as a credit against the income
25 tax imposed by the Nebraska Revenue Act of 1967:

26 (a) A credit to all resident estates and trusts for taxes
27 paid to another state as provided in section 77-2730; and

28 (b) A credit to all estates and trusts for contributions

1 to certified community betterment programs as provided in the
2 Community Development Assistance Act.

3 (5) There shall be allowed to all business firms as a
4 credit against the income tax imposed by the Nebraska Revenue Act
5 of 1967 a credit as provided in section 77-27,222.

6 (6) For taxable years beginning or deemed to begin on or
7 after January 1, 2003, there shall be allowed to qualified resident
8 individuals as a refundable credit against the tax imposed by
9 sections 77-2714 to 77-27,123 a food sales tax credit as provided
10 in sections 13 to 16 of this act.

11 Sec. 13. The base amount of the food sales tax credit
12 allowed in section 77-2715.07 shall be sixty dollars multiplied by
13 the number of personal exemptions allowed under section 77-2716.01.
14 The amount actually allowed shall be computed as provided in
15 section 14 of this act.

16 Sec. 14. (1) The amount of the food sales tax credit
17 shall be determined by multiplying the base amount and the
18 percentage established in the tables in this subsection based on
19 the amount of federal adjusted gross income, after making the
20 adjustments required in section 77-2716, reported or reportable on
21 the income tax return.

22 The filing status used on the Nebraska individual income
23 tax return and, for an individual who is not required to file an
24 income tax return, the filing status that such individual would
25 have been required to use shall determine which of the following
26 tables the individual shall use.

27 For all individuals with a filing status of single or
28 married filing separate return:

1	<u>Income</u>	<u>But Not</u>	<u>Percentage</u>
2	<u>Over</u>	<u>Over</u>	<u>of Credit</u>
3			<u>Allowed</u>
4	\$ <u>0</u>	\$ <u>7,000</u>	<u>100</u>
5	<u>7,000</u>	<u>9,500</u>	<u>75</u>
6	<u>9,500</u>	<u>11,500</u>	<u>50</u>
7	<u>11,500</u>	<u>14,000</u>	<u>25</u>
8	<u>14,000</u>		<u>0</u>

9 For all individuals with a filing status of married
 10 filing joint return or head of household:

11	<u>Income</u>	<u>But Not</u>	<u>Percentage</u>
12	<u>Over</u>	<u>Over</u>	<u>of Credit</u>
13			<u>Allowed</u>
14	\$ <u>0</u>	\$ <u>10,000</u>	<u>100</u>
15	<u>10,000</u>	<u>17,000</u>	<u>75</u>
16	<u>17,000</u>	<u>24,000</u>	<u>50</u>
17	<u>24,000</u>	<u>30,000</u>	<u>25</u>
18	<u>30,000</u>		<u>0</u>

19 (2) The amount of the food sales tax credit determined in
 20 subsection (1) of this section shall be increased for any
 21 individual who is claiming a food sales tax credit and who resided
 22 within the corporate limits of a city, village, county, or
 23 municipal county that has adopted a local option sales tax for more
 24 than one hundred eighty-two days of the taxable year. The food
 25 sales tax credit shall be increased by the applicable percentage
 26 found in the table in this subsection. Any increase in the food
 27 sales tax credit due to a local option sales tax shall be
 28 reimbursed to the state by the city, village, county, or municipal

1 county where the individual resides pursuant to rules and
 2 regulations adopted and promulgated by the Tax Commissioner.

3	<u>Local Option Rate</u>	<u>Credit Increased By</u>
4	<u>1.5</u>	<u>130%</u>
5	<u>1.0</u>	<u>120%</u>
6	<u>0.5</u>	<u>110%</u>

7 (3) The food sales tax credit as determined and adjusted
 8 under subsections (1) and (2) of this section shall be multiplied
 9 by the number of personal exemptions taken on the individual's
 10 Nebraska income tax return subject to section 15 of this act or, if
 11 no Nebraska income tax return is filed, the number of personal
 12 exemptions which would have been allowed if the individual had
 13 filed a Nebraska income tax return.

14 Sec. 15. (1) No person who may be claimed as a personal
 15 exemption on another individual's income tax return shall be
 16 entitled to a food sales tax credit. If a food sales tax credit is
 17 claimed on more than one return for the same person, the Tax
 18 Commissioner may determine the individual entitled to claim the
 19 food sales tax credit.

20 (2) The food sales tax credits under sections 13 and 14
 21 of this act shall be claimed on income tax returns.

22 (3) (a) A food sales tax credit for a minor shall be
 23 claimed by the parent or guardian of the minor.

24 (b) No food sales tax credit shall be allowed unless a
 25 social security number is provided for any person who is required
 26 to have a social security number under the Internal Revenue Code in
 27 order to be claimed as a dependent.

28 (c) If a dependent is claimed as an exemption on a

1 federal return by a nonresident taxpayer who does not file a return
2 in this state, such dependent resides in this state, and the child
3 support claimed by the nonresident taxpayer is substantially spent
4 in this state, the taxpayer in this state who has legal custody of
5 such dependent may claim such food sales tax credit for each such
6 dependent.

7 Sec. 16. The Department of Revenue shall conduct a
8 public awareness program to inform the public of the availability
9 of the food sales tax credit. The program shall provide
10 information at locations where the public is likely to be subject
11 to a food sales tax and in such other forms as determined by the
12 Tax Commissioner.

13 Sec. 17. Section 77-3442, Revised Statutes Supplement,
14 2001, is amended to read:

15 77-3442. (1) Property tax levies for the support of
16 local governments for fiscal years beginning on or after July 1,
17 1998, shall be limited to the amounts set forth in this section
18 except as provided in section 77-3444.

19 (2) (a) Except as provided in subdivision (2) (b) of this
20 section, school districts and multiple-district school systems may
21 levy a maximum levy of (i) one dollar and ten cents per one hundred
22 dollars of taxable valuation of property subject to the levy until
23 fiscal year 2001-02, ~~and~~ (ii) one dollar per one hundred dollars of
24 taxable valuation of property subject to the levy for fiscal ~~year~~
25 years 2001-02 and 2002-03, and (iii) one dollar and ten cents per
26 one hundred dollars of taxable valuation of property subject to the
27 levy for fiscal year 2003-04 and all subsequent fiscal years.
28 Excluded from this limitation are amounts levied to pay for sums

1 agreed to be paid by a school district to certificated employees in
2 exchange for a voluntary termination of employment and amounts
3 levied to pay for special building funds and sinking funds
4 established for projects commenced prior to April 1, 1996, for
5 construction, expansion, or alteration of school district
6 buildings. For purposes of this subsection, commenced means any
7 action taken by the school board on the record which commits the
8 board to expend district funds in planning, constructing, or
9 carrying out the project.

10 (b) Federal aid school districts may exceed the maximum
11 levy prescribed by subdivision (2)(a) of this section only to the
12 extent necessary to qualify to receive federal aid pursuant to
13 Title VIII of Public Law 103-382, as such title existed on
14 September 1, 2001. For purposes of this subdivision, federal aid
15 school district means any school district which receives ten
16 percent or more of the revenue for its general fund budget from
17 federal government sources pursuant to Title VIII of Public Law
18 103-382, as such title existed on September 1, 2001.

19 (3) Community colleges may levy a maximum levy on each
20 one hundred dollars of taxable property subject to the levy of (a)
21 eight cents for fiscal year 1998-99 and fiscal year 1999-2000 and
22 (b) seven cents for fiscal year 2000-01 and each fiscal year
23 thereafter.

24 (4) Natural resources districts may levy a maximum levy
25 of four and one-half cents per one hundred dollars of taxable
26 valuation of property subject to the levy.

27 (5) Educational service units may levy a maximum levy of
28 one and one-half cents per one hundred dollars of taxable valuation

1 of property subject to the levy.

2 (6) (a) Incorporated cities and villages which are not
3 within the boundaries of a municipal county may levy a maximum levy
4 of forty-five cents per one hundred dollars of taxable valuation of
5 property subject to the levy plus an additional five cents per one
6 hundred dollars of taxable valuation to provide financing for the
7 municipality's share of revenue required under an agreement or
8 agreements executed pursuant to the Interlocal Cooperation Act or
9 the Joint Public Agency Act. The maximum levy shall include
10 amounts levied to pay for sums to support a library pursuant to
11 section 51-201, museum pursuant to section 51-501, visiting
12 community nurse, home health nurse, or home health agency pursuant
13 to section 71-1637, or statue, memorial, or monument pursuant to
14 section 80-202.

15 (b) Incorporated cities and villages which are within the
16 boundaries of a municipal county may levy a maximum levy of ninety
17 cents per one hundred dollars of taxable valuation of property
18 subject to the levy. The maximum levy shall include amounts paid
19 to a municipal county for county services, amounts levied to pay
20 for sums to support a library pursuant to section 51-201, a museum
21 pursuant to section 51-501, a visiting community nurse, home health
22 nurse, or home health agency pursuant to section 71-1637, or a
23 statue, memorial, or monument pursuant to section 80-202.

24 (7) Sanitary and improvement districts which have been in
25 existence for more than five years may levy a maximum levy of forty
26 cents per one hundred dollars of taxable valuation of property
27 subject to the levy, and sanitary and improvement districts which
28 have been in existence for five years or less shall not have a

1 maximum levy. Unconsolidated sanitary and improvement districts
2 which have been in existence for more than five years and are
3 located in a municipal county may levy a maximum of eighty-five
4 cents per hundred dollars of taxable valuation of property subject
5 to the levy.

6 (8) Counties may levy or authorize a maximum levy of
7 fifty cents per one hundred dollars of taxable valuation of
8 property subject to the levy, except that five cents per one
9 hundred dollars of taxable valuation of property subject to the
10 levy may only be levied to provide financing for the county's share
11 of revenue required under an agreement or agreements executed
12 pursuant to the Interlocal Cooperation Act or the Joint Public
13 Agency Act. The maximum levy shall include amounts levied to pay
14 for sums to support a library pursuant to section 51-201 or museum
15 pursuant to section 51-501. The county may allocate up to fifteen
16 cents of its authority to other political subdivisions subject to
17 allocation of property tax authority under subsection (1) of
18 section 77-3443 and not specifically covered in this section to
19 levy taxes as authorized by law which do not collectively exceed
20 fifteen cents per one hundred dollars of taxable valuation on any
21 parcel or item of taxable property. The county may allocate to one
22 or more other political subdivisions subject to allocation of
23 property tax authority by the county under subsection (1) of
24 section 77-3443 some or all of the county's five cents per one
25 hundred dollars of valuation authorized for support of an agreement
26 or agreements to be levied by the political subdivision for the
27 purpose of supporting that political subdivision's share of revenue
28 required under an agreement or agreements executed pursuant to the

1 Interlocal Cooperation Act or the Joint Public Agency Act. If an
2 allocation by a county would cause another county to exceed its
3 levy authority under this section, the second county may exceed the
4 levy authority in order to levy the amount allocated.

5 (9) Municipal counties may levy or authorize a maximum
6 levy of one dollar per one hundred dollars of taxable valuation of
7 property subject to the levy. The municipal county may allocate
8 levy authority to any political subdivision or entity subject to
9 allocation under section 77-3443.

10 (10) Property tax levies for judgments obtained against a
11 political subdivision which require or obligate a political
12 subdivision to pay such judgment, to the extent such judgment is
13 not paid by liability insurance coverage of a political
14 subdivision, for preexisting lease-purchase contracts approved
15 prior to July 1, 1998, for bonded indebtedness approved according
16 to law and secured by a levy on property, and for payments by a
17 public airport to retire interest-free loans from the Department of
18 Aeronautics in lieu of bonded indebtedness at a lower cost to the
19 public airport are not included in the levy limits established by
20 this section.

21 (11) The limitations on tax levies provided in this
22 section are to include all other general or special levies provided
23 by law. Notwithstanding other provisions of law, the only
24 exceptions to the limits in this section are those provided by or
25 authorized by sections 77-3442 to 77-3444.

26 (12) Tax levies in excess of the limitations in this
27 section shall be considered unauthorized levies under section
28 77-1606 unless approved under section 77-3444.

1 (13) For purposes of sections 77-3442 to 77-3444,
2 political subdivision means a political subdivision of this state
3 and a county agricultural society.

4 Sec. 18. Section 77-3501, Revised Statutes Supplement,
5 2000, is amended to read:

6 77-3501. For purposes of sections 77-3501 to 77-3529 and
7 section 19 of this act, unless the context otherwise requires, the
8 definitions found in sections 77-3501.01 to 77-3505.04 shall be
9 used.

10 Sec. 19. (1) All homesteads in this state shall be
11 assessed for taxation the same as other property except as provided
12 in this section.

13 (2) Commencing January 1, 2002, there shall be exempt
14 from taxation the first thirty thousand dollars of the taxable
15 valuation of the homestead.

16 (3) Commencing January 1, 2002, that portion of the
17 taxable valuation of the homestead greater than thirty thousand
18 dollars and less than two hundred fifty thousand dollars shall be
19 subject to property taxation as follows:

20 (a) If the school district or multiple-district school
21 system in which the homestead is located imposes a property tax
22 levy less than or equal to one dollar per one hundred dollars of
23 taxable valuation, then such portion of the valuation shall be
24 taxed in the same manner as other property; and

25 (b) If the school district or multiple-district school
26 system in which the homestead is located imposes a property tax
27 levy greater than one dollar per one hundred dollars of taxable
28 valuation, then such portion of the valuation shall be taxed as if

1 the school district or multiple-district school system had imposed
2 a property tax levy of exactly one dollar per one hundred dollars
3 of taxable valuation.

4 Sec. 20. Section 77-3506.02, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 77-3506.02. On or before September 1 each year, the
7 county assessor shall determine the average assessed value of
8 single-family residential property in the county for the current
9 year. ~~for purposes of sections 77-3507 to 77-3509.~~

10 Sec. 21. Section 77-3509.01, Reissue Revised Statutes of
11 Nebraska, is amended to read:

12 77-3509.01. The owner of a homestead which has been
13 granted an exemption provided in sections 77-3507 to 77-3509 and
14 section 19 of this act, who transfers the ownership of such
15 homestead and becomes the owner of another homestead prior to
16 August 15 during the year for which the exemption was granted, may
17 file an application with the county assessor of the county where
18 the new homestead is located, on or before August 15 of such year,
19 for a transfer of the exemption to the new homestead. The county
20 assessor shall examine each application and determine whether or
21 not the new homestead, except for the January 1 through August 15
22 ownership and occupancy requirement and the income requirements, is
23 eligible for exemption under sections 77-3507 to 77-3509 and
24 section 19 of this act. If the application is approved by the
25 county assessor, he or she shall make a deduction upon the
26 assessment rolls using the same criteria as previously applied to
27 the original homestead. The county assessor may allow the
28 application for transfer to also be considered an application for a

1 homestead exemption for the subsequent year.

2 Sec. 22. Section 77-3509.02, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 77-3509.02. If the owner of any homestead granted an
5 exemption under sections 77-3507 to 77-3509 and section 19 of this
6 act transfers the ownership of such homestead on or before August
7 15 of any year pursuant to section 77-3509.01 and makes the
8 application for transfer of the homestead exemption and such
9 application is approved, the exemption shall be disallowed for such
10 year as applied to the original homestead if the exemption was
11 granted based on the status of such owner. If the transfer
12 involves property in more than one county, the county assessor of
13 the county where the new homestead is located shall notify the
14 other county assessor and the Department of Revenue of the
15 application for transfer within ten days after receipt of the
16 application.

17 Sec. 23. Section 77-3509.03, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 77-3509.03. All property tax statements for homesteads
20 granted an exemption in sections 77-3507 to 77-3509 and section 19
21 of this act shall show the amount of the exemption, the tax that
22 would otherwise be due, and a statement that the tax loss shall be
23 reimbursed by the state as a homestead exemption.

24 Sec. 24. Section 77-3510, Revised Statutes Supplement,
25 2000, is amended to read:

26 77-3510. On or before April 1 of each year, the Tax
27 Commissioner shall prescribe forms to be used by all claimants for
28 homestead exemption or for transfer of homestead exemption. Such

1 forms shall contain provisions for the showing of all information
2 which the Tax Commissioner may deem necessary to (1) enable the
3 county officials and the Tax Commissioner to determine whether each
4 claim for exemption under sections 77-3507 to 77-3509 and section
5 19 of this act should be allowed and (2) enable the county assessor
6 to determine whether each claim for transfer of homestead exemption
7 pursuant to section 77-3509.01 should be allowed. It shall be the
8 duty of the county assessor of each county in this state to furnish
9 such forms, upon request, to each person desiring to make
10 application for homestead exemption or for transfer of homestead
11 exemption. The forms so prescribed shall be used uniformly
12 throughout the state, and no application for exemption or for
13 transfer of homestead exemption shall be allowed unless the
14 applicant uses the prescribed form in making an application. The
15 forms shall require the attachment of an income statement as
16 prescribed by the Tax Commissioner fully accounting for all
17 household income. The application and information contained on any
18 attachments to the application shall be confidential and available
19 to tax officials only.

20 Sec. 25. Section 77-3511, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 77-3511. The application for homestead exemption or for
23 transfer of homestead exemption shall be signed by the owner of the
24 property who qualifies for exemption under sections 77-3501 to
25 77-3529 and section 19 of this act unless the owner is an
26 incompetent or unable to make such application, in which case it
27 shall be signed by the guardian. If an owner who in all respects
28 qualifies for a homestead exemption under such sections dies after

1 January 1 and before the last day for filing an application for a
2 homestead exemption and before applying for a homestead exemption,
3 his or her personal representative may file the application for
4 exemption on or before the last day for filing an application for a
5 homestead exemption of that year if the surviving spouse of such
6 owner continues to occupy the homestead. Any exemption granted as
7 a result of such application signed by a personal representative
8 shall be in effect for only the year in which the owner died.

9 Sec. 26. Section 77-3512, Revised Statutes Supplement,
10 2000, is amended to read:

11 77-3512. It shall be the duty of each owner who applies
12 for the homestead exemption provided in sections 77-3507 to 77-3509
13 and section 19 of this act to file an application therefor with the
14 county assessor of the county in which the homestead is located
15 after January 1, 1997, and April 1 in subsequent years and on or
16 before June 30 of each year. Failure to do so shall constitute a
17 waiver of the exemption for that year, except that the county board
18 of the county in which the homestead is located may, by majority
19 vote, extend the deadline to on or before July 20 of each year. An
20 extension shall not be granted to an applicant who received an
21 extension in the immediately preceding year.

22 Sec. 27. Section 77-3513, Revised Statutes Supplement,
23 2000, is amended to read:

24 77-3513. (1) Except as required by section 77-3514, if
25 an owner is granted a homestead exemption as provided in section
26 77-3507 or 77-3509 or subdivision (1)(b) or (c) of section 77-3508,
27 no reapplication need be filed for succeeding years, in which case
28 the county assessor and Tax Commissioner shall determine whether

1 the claimant qualifies for the homestead exemption in such
2 succeeding years as otherwise provided in sections 77-3501 to
3 77-3529 and section 19 of this act as though a claim were made.

4 (2) For tax year 2002, all persons who apply for a
5 homestead exemption provided in section 19 of this act shall file
6 an application pursuant to section 77-3512. For tax year 2003 and
7 subsequent tax years, if an owner has been granted a homestead
8 exemption as provided in section 19 of this act, no reapplication
9 need be filed for succeeding years, in which case the county
10 assessor and Tax Commissioner shall determine whether the claimant
11 qualifies for the homestead exemption in such succeeding years as
12 otherwise provided in sections 77-3501 to 77-3529 and section 19 of
13 this act as though a claim were made.

14 (3) It shall be the duty of each claimant who wants the
15 homestead exemption provided in subdivision (1)(a) of section
16 77-3508 to file an application therefor with the county assessor on
17 or before June 30 of each year. Failure to do so shall constitute
18 a waiver of the exemption for such year, except that the county
19 board of the county in which the homestead is located may, by
20 majority vote, extend the deadline to on or before July 20 of each
21 year. An extension shall not be granted to an applicant who
22 received an extension in the immediately preceding year.

23 Sec. 28. Section 77-3514, Revised Statutes Supplement,
24 2000, is amended to read:

25 77-3514. A claimant who is the owner of a homestead
26 which has been granted an exemption under sections 77-3507 to
27 77-3509, except subdivision (1)(a) of section 77-3508, shall
28 certify to the county assessor on or before June 30 of each year

1 that a change in the homestead exemption status has occurred or
2 that no change in the homestead exemption status has occurred. The
3 county board of the county in which the homestead is located may,
4 by majority vote, extend the deadline to on or before July 20 of
5 each year. An extension shall not be granted to an applicant who
6 received an extension in the immediately preceding year. For
7 purposes of this section, change in the homestead exemption status
8 shall include any change in the name of the owner, ownership,
9 residence, occupancy, marital status, veteran status, or rating by
10 the United States Department of Veterans Affairs or any other
11 change that would affect the qualification for or type of exemption
12 granted, except income checked by the Tax Commissioner under
13 section 77-3517, unless the only homestead exemption claimed is
14 pursuant to section 19 of this act. The certificate shall require
15 the attachment of an income statement as prescribed by the Tax
16 Commissioner fully accounting for all household income. The
17 certification and the information contained on any attachments to
18 the certification shall be confidential and available to tax
19 officials only. In addition, a claimant who is the owner of a
20 homestead which has been granted an exemption under sections
21 77-3507 to 77-3509 and section 19 of this act may notify the county
22 assessor by August 15 of each year of any change in the homestead
23 exemption status occurring in the preceding portion of the calendar
24 year as a result of a transfer of the homestead exemption pursuant
25 to sections 77-3509.01 and 77-3509.02. If by his or her failure to
26 give such notice any property owner permits the allowance of the
27 homestead exemption for any year, or in the year of application in
28 the case of transfers pursuant to sections 77-3509.01 and

1 77-3509.02, after the homestead exemption status of such property
2 has changed, an amount equal to the amount of the taxes lawfully
3 due but not paid by reason of such unlawful and improper allowance
4 of homestead exemption, together with penalty and interest on such
5 total sum as provided by statute on delinquent ad valorem taxes,
6 shall be due and shall upon entry of the amount thereof on the
7 books of the county treasurer be a lien on such property while
8 unpaid. Such lien may be enforced in the manner provided for liens
9 for other delinquent taxes. Any person who has permitted the
10 improper and unlawful allowance of such homestead exemption on his
11 or her property shall, as an additional penalty, also forfeit his
12 or her right to a homestead exemption on any property in this state
13 for the two succeeding years.

14 Sec. 29. Section 77-3516, Revised Statutes Supplement,
15 2000, is amended to read:

16 77-3516. The county assessor shall examine each
17 application for homestead exemption filed with him or her for an
18 exemption pursuant to sections 77-3507 to 77-3509 and section 19 of
19 this act and shall determine, except for the income requirements,
20 whether or not such application should be approved or rejected. If
21 the application is approved, the county assessor shall mark the
22 same approved and sign the application. In case he or she finds
23 that the exemption should not be allowed by reason of not being in
24 conformity to law, the county assessor shall mark the application
25 rejected and state thereon the reason for such rejection and sign
26 the application. In any case when the county assessor rejects an
27 application for exemption, he or she shall notify the applicant of
28 such action by mailing written notice to the applicant at the

1 address shown in the application, which notice shall be mailed not
2 later than July 31 of each year, except that in cases of a change
3 in ownership or occupancy from January 1 through August 15 or a
4 late application authorized by the county board, the notice shall
5 be sent within a reasonable time. The notice shall be on forms
6 prescribed by the Tax Commissioner.

7 Sec. 30. Section 77-3521, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 77-3521. It shall be the duty of the Tax Commissioner to
10 adopt and promulgate rules and regulations for the information and
11 guidance of the county assessors and county boards of equalization,
12 not inconsistent with sections 77-3501 to 77-3529 and section 19 of
13 this act, affecting the application, hearing, assessment, or
14 equalization of property which is claimed to be entitled to the
15 exemption granted by such sections.

16 Sec. 31. Section 77-3522, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 77-3522. (1) Any person who makes any false or
19 fraudulent claim for exemption or any false statement or false
20 representation of a material fact in support of such claim or any
21 person who assists another in the preparation of any such false or
22 fraudulent claim or enters into any collusion with another by the
23 execution of a fictitious deed or other instrument for the purpose
24 of obtaining unlawful exemption under sections 77-3501 to 77-3529
25 and section 19 of this act shall be guilty of a Class II
26 misdemeanor and shall be subject to a forfeiture of any such
27 exemption for a period of two years from the date of conviction.
28 Any person who shall make an oath or affirmation to any false or

1 fraudulent application for homestead exemption knowing the same to
2 be false or fraudulent shall be guilty of a Class I misdemeanor.

3 (2) In addition to the penalty provided in subsection (1)
4 of this section, if any person files a claim for exemption as
5 provided in section 77-3507, 77-3508, or 77-3509 or section 19 of
6 this act which is excessive due to misstatements by the owner
7 filing such claim, the claim may be disallowed in full and, if the
8 claim has been allowed, an amount equal to the amount of taxes
9 lawfully due but not paid by reason of such unlawful and improper
10 allowance of homestead exemption shall be due and shall upon entry
11 of the amount thereof on the books of the county treasurer be a
12 lien on such property until paid and a penalty equal to the amount
13 of taxes lawfully due but claimed for exemption shall be assessed.

14 Sec. 32. Section 77-3523, Revised Statutes Supplement,
15 2000, is amended to read:

16 77-3523. The county treasurer shall, on or before
17 November 30 of each year, certify to the Tax Commissioner the total
18 tax revenue that will be lost to all taxing agencies within his or
19 her county from taxes levied and assessed in that year because of
20 exemptions allowed under ~~Chapter 77, article 35,~~ sections 77-3501
21 to 77-3529 and section 19 of this act multiplied by the aggregate
22 assessment sales ratio calculated by the Property Tax Administrator
23 for all single-family residential real property in the county for
24 the current year after adjustments by the Tax Equalization and
25 Review Commission, except that any assessment sales ratio greater
26 than 100 or any assessment sales ratio that complies with the
27 standards of equalization as determined by the commission shall be
28 deemed to be 100 for such purpose. The county treasurer may amend

1 the certification to show any change or correction in the total tax
2 that will be lost until May 30 of the next succeeding year. If a
3 homestead exemption is approved, denied, or corrected by the Tax
4 Commissioner under subsection (2) of section 77-3517 after May 1 of
5 the next year, the county treasurer shall prepare and submit
6 amended reports to the Tax Commissioner and the political
7 subdivisions covering any affected year and shall adjust the
8 reimbursement to the county and the other political subdivisions by
9 adjusting the reimbursement due under this section in later years.
10 The Tax Commissioner shall, on or before January 1 next following
11 such certification or within thirty days of any amendment to the
12 certification, notify the Director of Administrative Services of
13 the amount so certified to be reimbursed by the state.
14 Reimbursement of the funds lost shall be made to each county
15 according to the certification and shall be distributed in six as
16 nearly as possible equal monthly payments on the last business day
17 of each month beginning in January. The State Treasurer shall, on
18 the business day preceding the last business day of each month,
19 notify the Director of Administrative Services of the amount of
20 funds available in the General Fund for payment purposes. The
21 Director of Administrative Services shall, on the last business day
22 of each month, draw warrants against funds appropriated. Out of
23 the amount so received the county treasurer shall distribute to
24 each of the taxing agencies within his or her county the full
25 amount so lost by such agency, multiplied by the aggregate
26 assessment sales ratio calculated by the Property Tax Administrator
27 for all single-family residential real property in the county for
28 the current year after adjustments by the commission, except that

1 any assessment sales ratio greater than 100 or any assessment sales
2 ratio that complies with the standards of equalization as
3 determined by the commission shall be deemed to be 100 for such
4 purpose, except that one percent of such amount shall be deposited
5 in the county general fund and that the amount due a Class V school
6 district shall be paid to the district and the county shall be
7 compensated pursuant to section 14-554. Each taxing agency shall,
8 in preparing its annual or biennial budget, take into account the
9 amount to be received under this section.

10 Sec. 33. Section 77-3529, Reissue Revised Statutes of
11 Nebraska, is amended to read:

12 77-3529. If any application for exemption pursuant to
13 sections 77-3501 to 77-3529 and section 19 of this act is denied
14 and the applicant would be qualified for any other exemption under
15 such sections, then such denied application shall be treated as an
16 application for the highest exemption for which qualified. Any
17 additional documentation necessary for such other exemption shall
18 be submitted to the county assessor within a reasonable time after
19 receipt of the notice of denial. An applicant for an exemption
20 shall not receive more than one exemption pursuant to such
21 sections.

22 Sec. 34. Section 79-1008.01, Revised Statutes
23 Supplement, 2001, is amended to read:

24 79-1008.01. (1) Except as provided in subsection (2) of
25 this section and sections 79-1008.02 to 79-1010, each local system
26 shall receive equalization aid in the amount that the total formula
27 need of each local system, as determined pursuant to sections
28 79-1007.01 and 79-1007.02, exceeds its total formula resources as

1 determined pursuant to sections 79-1015.01 to 79-1018.01.

2 (2) Except as provided in section 79-1008.02, a local
3 system shall not receive state aid for any school fiscal year which
4 is less than an amount equal to the difference of eighty-five
5 percent of the amount of aid certified in the preceding school
6 fiscal year minus an amount equal to any increase in the adjusted
7 valuation between the adjusted valuation used for the certification
8 of aid in the preceding school fiscal year and the adjusted
9 valuation used for the aid being calculated multiplied by the
10 maximum levy, for the school fiscal year for which aid is being
11 certified, pursuant to subdivision (2)(a) of section 77-3442
12 without a vote pursuant to section 77-3444.

13 (3) Except as provided in subsection (2) of this section,
14 no local system may receive equalization aid such that, when total
15 aid is added to a levy of one dollar for state aid to be
16 distributed in school fiscal years 1998-99 and 1999-00, ~~or~~ of
17 ninety cents for state aid to be distributed in school fiscal ~~year~~
18 years 2000-01, 2001-02, and 2002-03, or of one dollar for state aid
19 to be distributed in school fiscal year 2003-04 and each school
20 fiscal year thereafter, multiplied by the local system's adjusted
21 valuation divided by one hundred, would result in total local
22 system revenue from state aid plus property tax receipts which
23 exceeds the total of:

24 (a) State aid plus property tax receipts received by the
25 local system during the preceding school fiscal year multiplied by
26 the total of (i) 1.01 plus (ii) the applicable allowable growth
27 rate for the local system calculated pursuant to section 79-1026 as
28 determined for the school fiscal year immediately preceding the

1 school fiscal year when aid is to be distributed plus (iii) the
2 percentage growth in formula students from the certification of
3 state aid for the immediately preceding school fiscal year to the
4 formula students for the certification of state aid for the current
5 school fiscal year, except that the percentage growth shall not be
6 less than zero;

7 (b) Unused budget authority authorized pursuant to
8 section 79-1030;

9 (c) The difference between the other actual receipts
10 included in local system formula resources for the certification of
11 state aid in the preceding school fiscal year and other actual
12 receipts included in local system formula resources for the
13 certification of state aid for the current school fiscal year,
14 except that such difference shall not be less than zero; and

15 (d) The absolute value of any negative prior year
16 adjustment pursuant to section 79-1065.

17 For local systems that have reorganized, state aid,
18 property tax receipts, and number of formula students shall be
19 attributed based on valuation. The revenue from property tax
20 receipts shall be calculated by multiplying the reported general
21 fund common levy by the assessed valuation subject to the levy
22 divided by one hundred.

23 (4) The aid that is not distributed through equalization
24 based on subsection (3) of this section shall be distributed
25 through this subsection. Local systems qualify for distribution
26 under this subsection if they have nine hundred or less formula
27 students and adjusted general fund operating expenditures per
28 formula student less than the average for all local systems with

1 nine hundred or less formula students. The aid shall be
2 distributed proportionally to qualifying districts based on the
3 dollar amount each local system's calculated state aid plus the
4 product of a levy of one dollar and ten cents for school fiscal
5 years 1998-99 and 1999-00, ~~and~~ of one dollar for school fiscal ~~year~~
6 years 2000-01, 2001-02, and 2002-03, and of one dollar and ten
7 cents for school fiscal year 2003-04 and each school fiscal year
8 thereafter multiplied by the assessed valuation divided by one
9 hundred is below ninety percent of state aid plus property tax
10 receipts received by the local system during the preceding school
11 fiscal year. No system shall receive aid pursuant to this
12 subsection such that the calculated state aid plus the product of a
13 levy of one dollar and ten cents for school fiscal years 1998-99
14 and 1999-00, ~~and~~ of one dollar for school fiscal ~~year~~ years
15 2000-01, 2001-02, and 2002-03, and of one dollar and ten cents for
16 school fiscal year 2003-04 and each school fiscal year thereafter
17 multiplied by the assessed valuation divided by one hundred is
18 ninety percent or more of state aid plus property tax receipts
19 received by the local system during the preceding school fiscal
20 year. Any aid available for distribution pursuant to this
21 subsection that is not distributed pursuant to this subsection
22 shall be distributed as equalization aid.

23 Sec. 35. If any section in this act or any part of any
24 section is declared invalid or unconstitutional, the declaration
25 shall not affect the validity or constitutionality of the remaining
26 portions.

27 Sec. 36. Sections 1 to 16, 38, and 39 of this act become
28 operative on January 1, 2003. The other sections of this act

1 become operative on their effective date.

2 Sec. 37. Original sections 77-3506.02, 77-3509.01 to
3 77-3509.03, 77-3511, 77-3521, 77-3522, and 77-3529, Reissue Revised
4 Statutes of Nebraska, and sections 77-3442, 77-3501, 77-3510,
5 77-3512 to 77-3514, 77-3516, 77-3523, and 79-1008.01, Revised
6 Statutes Supplement, 2000, are repealed.

7 Sec. 38. Original sections 77-2702.17, 77-2704.07,
8 77-2704.13, and 77-2704.24, Reissue Revised Statutes of Nebraska,
9 sections 77-2702.07, 77-2702.13 to 77-2702.15, 77-2703, and
10 77-2715.02, Revised Statutes Supplement, 2000, and sections 77-2701
11 and 77-2715.07, Revised Statutes Supplement, 2001, are repealed.

12 Sec. 39. The following sections are outright repealed:
13 Sections 77-2704.03, 77-2704.04, 77-2704.22, and 77-2704.36 to
14 77-2704.38, Reissue Revised Statutes of Nebraska.

15 Sec. 40. Since an emergency exists, this act takes
16 effect when passed and approved according to law.